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Financing of the activities arising from Security Council resolution 687 (1991): United Nations Iraq-Kuwait Observation Mission

Financial performance report of the United Nations Iraq-Kuwait Observation Mission for the period from 1 July 1999 to 30 June 2000

Report of the Secretary-General

Summary

The present report contains the financial performance report of the United Nations Iraq-Kuwait Observation Mission (UNIKOM) for the period from 1 July 1999 to 30 June 2000. The General Assembly, by its resolution 53/229 of 8 June 1999, appropriated an amount of $53,991,024 gross ($51,996,124 net) for the period.

Expenditures for the period totalled $51,004,500 gross ($49,341,600 net), resulting in an unencumbered balance of $2,986,500 gross ($2,654,500 net).

The unencumbered balance resulted primarily from lower costs of rations and rotation travel for military personnel, a higher vacancy rate for international staff and the termination of the contract for the fixed-wing aircraft owing to the closure of Iraqi airspace.

The action to be taken by the General Assembly in connection with the financing of the Mission are set out in paragraph 12 of the present report.

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I. Introduction

1. The Security Council, by its resolution 687 (1991) of 3 April 1991, established the United Nations Iraq-Kuwait Observation Mission (UNIKOM). In its resolution 689 (1991) of 9 April 1991, the Council decided to review the question of the termination or continuation of UNIKOM, as well as the modalities of its operation, every six months. The report on the latest review was issued on 27 September 2000 (S/2000/914). In a letter dated 5 October 2000, the President of the Security Council informed the Secretary-General that the Council concurred with the recommendation to maintain UNIKOM contained in that report and that it would review the question once again by 6 April 2001 (S/2000/960).

2. The budget for the maintenance of UNIKOM for the period from 1 July 1999 to 30 June 2000 was set out in the report of the Secretary-General of 3 February 1999 (A/53/817) and amounted to $50,777,800 gross ($48,782,900 net). It provided for the strength of 195 military observers, 908 contingent personnel, comprising 775 infantry personnel and 133 support personnel, 72 international staff and 166 local staff. The Advisory Committee on Administrative and Budgetary Questions, in paragraph 17 of its report on the financing of UNIKOM of 1 April 1999 (A/53/895/Add.2), recommended that the General Assembly appropriate the amount proposed by the Secretary-General.

3. The General Assembly, by its resolution 53/229 of 8 June 1999, appropriated an amount of $53,991,024 gross ($51,996,124 net) for the maintenance of UNIKOM for the period from 1 July 1999 to 30 June 2000, inclusive of $2,686,445 for the support account for peacekeeping operations and $526,779 for the United Nations Logistics Base at Brindisi, Italy, for the same period. Taking into account the two-thirds share of the net amount, equivalent to $34,664,080, to be funded through voluntary contributions from the Government of Kuwait, an amount of $19,326,944 gross ($17,332,044 net) has been assessed on Member States.

II. Implementation of the budget

4. Information on the operations of UNIKOM and on the situation on the ground during the period under review is contained in the reports of the Secretary-General to the Security Council of 24 September 1999 (S/1999/1006 and Corr.1) and 30 March 2000 (S/2000/269).

5. UNIKOM's concept of operations during the period under review was based on a combination of patrol and observation bases, observation points, ground, sea and air patrols, investigation teams and liaison with the parties at all levels.

6. The operational requirements of the Mission were met during the financial period under review and there were no operational shortcomings or slippages during the implementation of the approved budget. For the most part, activities provided for in the budget were undertaken as planned.

7. The unutilized balance was primarily attributable to higher vacancy rates for international staff than originally estimated. While the budget included the application of a vacancy factor of 10 per cent for the authorized staffing of 72 international posts, the actual vacancy rate during the period averaged 26 per cent.

8. Unutilized balances under military personnel costs resulted from the lower cost of rations provided under the catering contract and the lower average cost of rotation travel for military observers and infantry personnel.

9. Unutilized resources under operational requirements resulted from: (a) the termination of the contract for one Antonov AN-26 fixed-wing aircraft, owing to the closure of Iraqi airspace in December 1998; (b) the delay in the commencement of naval operations, which were launched on 15 February 2000; and (c) reduced requirements under other equipment, supplies and services and air and surface freight.

III. Financial performance report for the period from 1 July 1999 to 30 June 2000

10. As indicated in table 1 below, from the appropriation of $53,991,024 gross ($51,996,124 net) for the period from 1 July 1999 to 30 June 2000, expenditures amounted to $51,004,500 gross ($49,341,600 net), inclusive of $9,075,900 in unliquidated obligations. The resulting unspent balance of $2,986,500 gross ($2,654,500 net) represents some 5.5 per cent of the appropriation. Annex I to the present report contains the financial performance information for the reporting period by budget line item, with supplementary information on significant variances presented in annex II. Annex IV contains a chart showing appropriation and expenditure by main budget group.

Table 1
Apportionment and expenditure
(Thousands of United States dollars)

Category of expenditure	*Apportionment*	*Expenditure*[a]	*Variance*
Military personnel	24 673.2	24 130.0	543.2
Civilian personnel	13 157.8	11 334.5	1 823.3
Operational requirements	10 936.9	10 623.0	313.9
Other programmes	15.0	40.9	(25.9)
United Nations Logistics Base at Brindisi	526.8	526.8	-
Support account for peacekeeping operations	2 686.4	2 686.4	-
Staff assessment	1 994.9	1 662.9	332.0
Gross requirements	**53 991.0**	**51 004.5**	**2 986.5**
Income from staff assessment	(1 994.9)	(1 662.9)	(332.0)
Net requirements	**51 996.1**	**49 341.6**	**2 654.5**
Voluntary contributions in kind (budgeted)	-	-	-
Voluntary contributions in kind (non-budgeted)[b]	2 700.5	2 700.5	-
Total resources	**56 691.5**	**53 705.0**	**2 986.5**

[a] Includes an amount of $9,075,900 in unliquidated obligations.
[b] Comprises premises, vehicles, utilities, radar surveillance systems and medical supplies from the Government of Kuwait ($2,610,410) and premises from the Government of Iraq ($90,150).

11. Information on the deployment of military and civilian personnel during the reporting period is provided in table 2 below and in annex III to the present report.

Table 2
Authorized staffing, incumbency and vacancy rates for military and civilian personnel for the period from 1 July 1999 to 30 June 2000

Personnel category	*Authorized strength*	*Actual strength (average)*	*Vacancy rate (percentage)*
Military observers	195	193	1
Military contingents	908	903	1
Civilian police	-	-	-
International staff	72	53	26
National officers	-	-	-
Local staff	166	149	10
United Nations Volunteers	-	-	-

IV. Action to be taken by the General Assembly at its fifty-fifth session

12. ***The action to be taken by the General Assembly in connection with the financing of UNIKOM is a decision on the treatment of the unencumbered balance of $2,986,500 gross ($2,654,500 net) for the period from 1 July 1999 to 30 June 2000.***

Annex I

Financial performance report for the period from 1 July 1999 to 30 June 2000: summary statement

(Thousands of United States dollars)

Category of expenditure	*(1)* *Apportionment* [a]	*(2)* *Non-recurrent expenditures*	*(3)* *Total expenditures (inclusive of non-recurrent expenditures)*	*(4) = (1 - 3)* *Variance*
I. Military personnel				
1. Military observers	7 196.1	-	7 082.1	114.0
2. Military contingents	15 833.1	-	15 403.9	429.2
3. Other requirements pertaining to military personnel				
(a) Contingent-owned equipment	1 202.8	-	1 202.8	-
(b) Self-sustainment	-	-	-	-
(c) Death and disability compensation	441.2	-	441.2	-
Subtotal, line 3	1 644.0	-	1 644.0	-
Total, category I	**24 673.2**	**-**	**24 130.0**	**543.2**
II. Civilian personnel				
1. Civilian police	-	-	-	-
2. International and local staff	13 157.8	-	11 334.5	1 823.3
3. United Nations Volunteers	-	-	-	-
4. Government-provided personnel	-	-	-	-
5. Civilian electoral observers	-	-	-	-
Total, category II	**13 157.8**	**-**	**11 334.5**	**1 823.3**
III. Operational requirements				
1. Premises/accommodations	924.4	261.8	920.6	3.8
2. Infrastructure repairs	30.0	30.0	30.0	-
3. Transport operations	3 067.9	1 596.9	3 155.6	(87.7)
4. Air operations	3 651.4	-	3 546.9	104.5
5. Naval operations	91.4	-	12.4	79.0
6. Communications	900.9	632.4	884.9	16.0
7. Other equipment	730.6	450.2	683.6	47.0
8. Supplies and services	1 440.3	-	1 335.7	104.6
9. Air and surface freight				
(a) Transport of contingent-owned equipment	30.0	-	-	30.0
(b) Commercial freight and cartage	70.0	-	53.3	16.7
Subtotal, line 9	100.0	-	53.3	46.7
Total, category III	**10 936.9**	**2 971.3**	**10 623.0**	**313.9**

Category of expenditure	(1) Apportionment [a]	(2) Non-recurrent expenditures	(3) Total expenditures (inclusive of non-recurrent expenditures)	(4) = (1 - 3) Variance
IV. Other programmes				
1. Election-related supplies and services	-	-	-	-
2. Public information programmes	-	-	-	-
3. Training programmes	15.0	-	40.9	(25.9)
4. Mine-clearing programmes	-	-	-	-
5. Assistance for disarmament and demobilization	-	-	-	-
Total, category IV	**15.0**	**-**	**40.9**	**(25.9)**
V. United Nations Logistics Base at Brindisi	**526.8**	**-**	**526.8**	**-**
VI. Support account for peacekeeping operations	**2 686.4**	**-**	**2 686.4**	**-**
VII. Staff assessment	**1 994.9**	**-**	**1 662.9**	**332.0**
Gross requirements, categories I-VII	53 991.0	2 971.3	51 004.5	2 986.5
VIII. Income from staff assessment	**(1 994.9)**	**-**	**(1 662.9)**	**(332.0)**
Net requirements, categories I-VIII	51 996.1	2 971.3	49 341.6	2 654.5
IX. Voluntary contributions in kind (budgeted) [b]	-	-	-	-
X. Voluntary contributions in kind (non-budgeted)	**2 700.5**	**-**	**2 700.5**	**-**
Total	**56 691.5**	**2 971.3**	**53 705.0**	**2 986.5**

[a] Based on appropriation provided by General Assembly resolution 53/229.

[b] Comprises premises, vehicles, utilites, radar surveillance systems and medical supplies from the Government of Kuwait ($2,610,410) and premises from the Government of Iraq ($90,150).

Annex II

Supplementary information (on significant variances)

Military personnel

Apportionment: $24,673,200; expenditure: $24,130,000; variance: $543,200

1. The unutilized balance of $543,200 under this heading was attributable to the lower rotation cost for military observers ($114,000) and lower costs of rations and rotation travel for infantry personnel ($429,200).

Military observers

Apportionment: $7,196,100; expenditure: $7,082,100; variance: $114,000

2. The unutilized balance of $114,000 under this heading resulted primarily from the actual average rotation cost ($2,800 per person) being lower than the provision ($3,900 per person). Additional unspent amounts were realized under clothing and equipment allowance, owing to the non-completion of the 6-month tour of duty by some contingent personnel.

3. However, the unutilized balance was offset in part by additional requirements of $120,900 to cover outstanding charges from prior financial periods owing to the inadvertent liquidation of obligations.

Military contingents

Apportionment: $15,833,100; expenditure: $15,403,900; variance: $429,200

4. The unutilized balance of $429,200 under this heading was primarily attributable to the lower actual cost of rations ($4.69 per person per day) under the catering contract, compared with $5.50 per person per day provided in the budget. In addition, the average rotation cost of the infantry contingent ($675 per person) was lower than the budgetary provision ($1,300 per person) and the actual number of rotations (193) was lower than those budgeted (195).

5. However, the unutilized balance was offset in part by the higher rotation cost ($1,800 per person) for support personnel, as compared to the provision of $650 per person, as well as additional requirements of $102,700 to cover outstanding charges related to the prior financial period owing to the inadvertent liquidation of related obligations.

Civilian personnel

Apportionment: $13,157,800; expenditure: $11,334,500; variance: $1,823,300

International and local staff

Apportionment: $13,157,800; expenditure: $11,334,500; variance: $1,823,300

6. The unutilized balance of $1,823,300 under this heading was primarily attributable to the actual average vacancy rate (26 per cent) of international staff

being higher than the vacancy factor (10 per cent) applied in the budget, resulting in unspent amounts under salaries, common staff costs and mission subsistence allowance. The average number of personnel deployed during the period was 53, compared with the provision for 72 international staff. Savings were also realized from the lower cost of travel and the reduced amount of travel by staff from Headquarters to the Mission area.

7. The actual average vacancy rate of 10 per cent for local staff paralleled the vacancy factor applied in the budget, resulting in nominal unspent amounts under local salaries.

Operational requirements

Apportionment: $10,936,900; expenditure: $10,623,000; variance: $313,900

8. The unutilized balance of $313,900 under this heading resulted from reduced requirements totalling $401,600 under premises/accommodation ($3,800), air operations ($104,500), naval operations ($79,000), communications ($16,000), other equipment ($47,000), supplies and services ($104,600) and air and surface freight ($46,700), which were offset in part by additional requirements under transport operations ($87,700).

Transport operations

Apportionment: $3,067,900; expenditure: $3,155,600; variance: ($87,700)

9. The additional requirements of $87,700 under this heading are primarily attributable to the higher cost of diesel/petrol ($0.20 per litre), as compared to $0.13 per litre provided in the budget, as a result of an increase stipulated by the supplier.

10. Additional requirements also resulted from the unbudgeted cost of the inclusion of roll-over protection for 43 new vehicles procured during the period as well as the settlement of $35,600 in outstanding insurance charges related to prior financial periods owing to the inadvertent liquidation of related obligations.

Air operations

Apportionment: $3,651,400; expenditure: $3,546,900; variance: $104,500

11. The unutilized balance of $104,500 under this heading was mainly attributable to the cancellation of the contract for one Antonov AN-26 fixed-wing aircraft, owing to the closure of Iraqi airspace in December 1998, resulting in the unspent amount of $690,000. Consequently, the related provision for landing fees and ground handling also remained unutilized ($127,400).

12. However, the unutilized balance was offset in part by additional requirements of $712,900 under helicopter operations, owing to the higher actual costs of positioning/depositioning of two helicopters stipulated in the letter-of-assist arrangements and the absorption of $436,100 in outstanding charges for hire/charter costs related to the prior financial period, owing to the inadvertent liquidation of related obligations.

Naval operations

Apportionment: $91,400; expenditure: $12,400; variance: $79,000

13. The unutilized balance of $79,000 under this heading was attributable to the delay in the commencement of naval operations, which started on 15 February 2000. The unspent balance also resulted from the misrecording of fuel costs for patrol boats under transport operations and the provision of some fuel by the Kuwaiti Coastal Guard at no cost to the Mission.

Supplies and services

Apportionment: $1,440,300; expenditure: $1,335,700; variance: $104,600

14. The unutilized balance of $104,600 under this heading resulted from lower requirements for miscellaneous services ($60,600) and supplies ($44,000).

15. The unutilized resources of $60,600 under miscellaneous services were primarily attributable to lower actual costs of laundry and janitorial services under contractual services. However, the unspent balances were partially offset by unbudgeted requirements of $143,700 for losses on currency exchange fluctuation and higher requirements under data-processing services.

16. The unutilized resources of $44,000 under miscellaneous supplies resulted from lower requirements for medical supplies owing to the provision of most supplies by the Government of Kuwait, as well as the receipt of uniform items and field defence stores from stock at the United Nations Logistics Base at Brindisi, Italy.

Air and surface freight

Apportionment: $100,000; expenditure: $53,300; variance: $46,700

17. The unutilized balance of $46,700 was attributable to reduced requirements for commercial freight and cartage and the cancellation of the shipment of a mine plough to the Mission, owing to the abolition of the requirement by the military component.

Other programmes

Apportionment: $15,000; expenditure: $40,900; variance: ($25,900)

Training programmes

Apportionment: $15,000; expenditure: $40,900; variance: ($25,900)

18. Additional requirements of $25,900 under this heading resulted from the higher number of Mission staff who undertook training courses. A total of 16 Mission personnel participated in technical (communications, FACS system and data-processing) and administrative (personnel management) training courses, which were conducted at the United Nations Logistics Base at Brindisi, in Cyprus and Kenya and at other duty stations. The recorded expenditure included travel and related costs as well as course fees.

Staff assessment

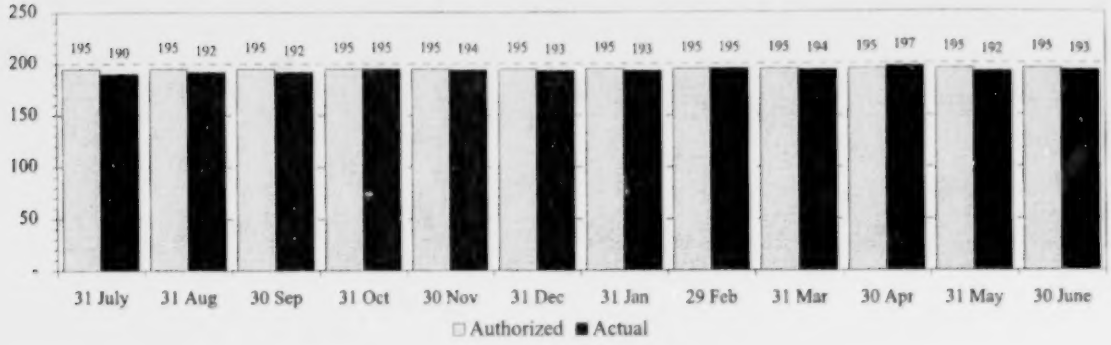
Apportionment: $1,994,900; expenditure: $1,662,900; variance: $332,000

19. The unutilized balance of $332,000 was primarily attributable to the average vacancy rate of 26 per cent for international staff.

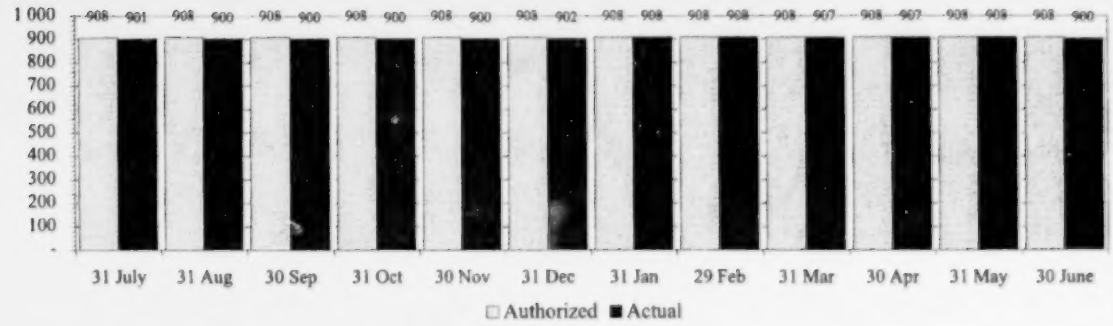
Annex III

Planned and actual deployment of civilian and military personnel for the period from 1 July 1999 to 30 June 2000

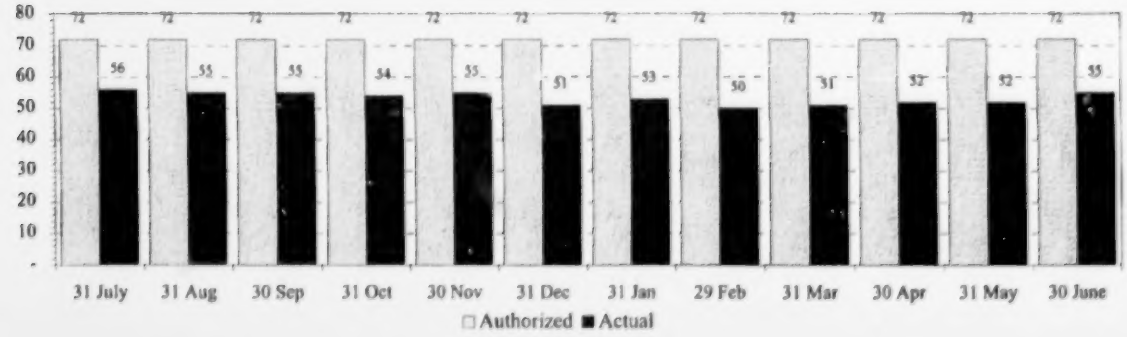
1. Military observers



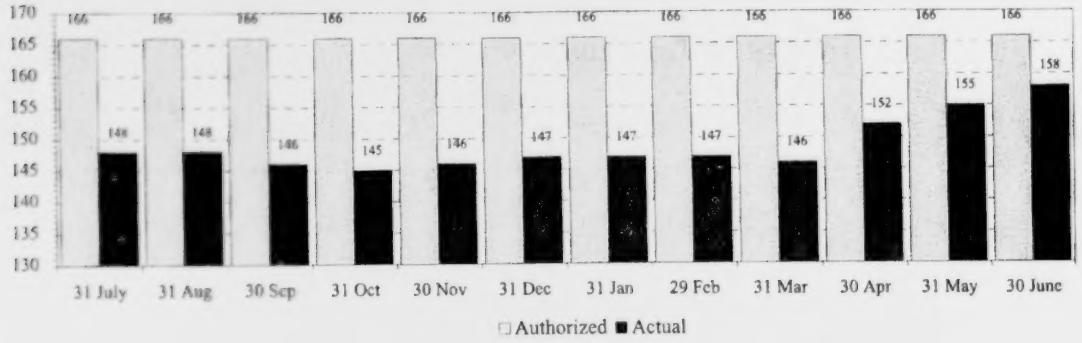
2. Military contingents



3. International staff



4. Local staff



Annex IV

Apportionment and expenditure for the period from 1 July 1999 to 30 June 2000